ALPHA BANK ROMANIA S.A.

FINANCIAL STATEMENTS
for the year ended 31 December 2006

prepared in accordance with
INTERNATIONAL FINANCIAL REPORTING STANDARDS

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1 NATURE OF THE ENTERPRISE

Alpha Bank Romania SA (the "Bank") has been incorporated in Romania in 1994 and is licensed by the Central Bank of Romania to conduct banking activities. The Bank is principally engaged in wholesale and retail banking operations in Romania. The Bank operates through its head office located in Bucharest and 70 branches located in Bucharest (31) and other cities in Romania (39).

The registered office of the Bank is:
Alpha Bank Romania SA
Calea Dorobantilor no. 237B, sector 1
Bucharest
Romania

The Bank serves a broad client base that includes corporations and individuals and offers banking services to local and international entities which include but are not limited to wholesale and retail banking operation, issuing of cards under the VISA network, certificate of deposits, mortgage and consumer loans.

The number of employees as at 31 December 2006 has been 1,310 (31 December 2005: 855).

2 CAPITAL ADEQUACY

The Bank calculates capital adequacy based upon the regulations issued by the National Bank of Romania ("NBR"). These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance-sheet commitments and market and other risk positions at weighted amount to reflect their relative risk. The regulations require that capital adequacy ratios be calculated on financial information prepared in accordance with Romanian Accounting Regulations ("RAR"). To be "sufficiently capitalized" under NBR regulations a banking institution must have a capital adequacy ratio of at least 12%. As at 31 December 2006, capital adequacy ratio based upon the NBR's regulations is 25.28% (31 December 2005: 33.90%).

In addition to the above ratios, the Bank also monitors the adequacy of its capital using ratios established by the Bank for International Settlements ("BIS"), based upon its financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Based upon financial information prepared in accordance with IFRS the Tier 1 and the Tier 1 plus Tier 2 capital adequacy ratios of the Bank at 31 December 2006 were 18.06% and 26.94%, respectively (31 December 2005: 23.38% and 35.14%, respectively).

The main reason for the difference in the capital adequacy ratios between IFRS and RAR is the due to the restatements of the components of equity and adjustments to profit and loss accounts required by the application of IFRS.

Under BIS guidelines assets are weighted according to broad categories of notional credit risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, 100%) are applied; for example cash and money market instruments have a zero risk weighting which means that no capital is required to support the holding of these assets. Premises and equipment carries a 100% risk weighting, meaning that it must be supported by capital equal to 100% of the carrying amount. Other asset categories have intermediate weightings.

Off-balance-sheet credit related commitments and forwards and options based derivative instruments are taken into account by applying different categories of credit conversion factors, designed to convert these items into balance sheet equivalents. The resulting credit equivalent amounts are then weighted for credit risk using the same percentages as for balance sheet assets.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

2 CAPITAL ADEQUACY (continued)

Tier 1 capital consists of shareholders' equity less general credit risk reserves. Tier 2 capital includes the Bank's eligible long-term debt and general banking risk reserves.

	IFRS Balance sheet (Nominal amount)		**Risk weighted amount**	
	31 Dec 2006	**31 Dec 2005**	**31 Dec 2006**	**31 Dec 2005**
Balance sheet assets (net of allowances)				
Due from other banks	3,058,003	1,312,420	55,269	23,465
Financial assets available-for-sale	254,438	864,384	6,977	9,504
Loans and advances to customers, net	3,717,323	2,644,087	3,132,194	2,162,367
Derivative financial assets	-	192	-	192
Property and equipment	110,760	70,258	110,760	70,258
Other assets	5,142	3,354	5,142	3,354
	7,145,666	**4,894,695**	**3,310,342**	**2,269,140**
Off balance sheet positions				
Off balance sheet commitments and contingencies	784,229	503,977	595,170	370,166
Total risk weighted assets	**7,929,895**	**5,398,672**	**3,905,512**	**2,639,306**

	Capital 31 Dec 2006	**Capital 31 Dec 2005**	**BIS % 31 Dec 2006**	**BIS % 31 Dec 2005**
BIS Capital ratios				
Tier 1 +Tier 2 capital	1,052,041	927,583	26.94%	35.14%
Tier 1	705,332	617,184	18.06%	23.38%

ERNST & YOUNG
ASSURANCE SERVICES

SRL cu capital de 1.000 lei
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INDEPENDENT AUDITORS' REPORT

To the shareholders of Alpha Bank (Romania) S.A.

1. We have audited the accompanying financial statements of Alpha Bank (Romania) S.A. ("the Bank"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

	Note	31 December 2006	31 December 2005
Cash flow from operating activities			
Profit before taxation		102,012	109,471
Adjustments:			
Credit loss expense	**7**	261	6,722
Accrual performance bonus	**8**	5,138	-
Dividend income		(1,399)	(737)
Depreciation and amortization	**15**	9,830	9,267
Fixed assets written-off	**15**	11,961	855
Gain on disposal of fixed assets		-	(79)
Correction previous year's taxes		-	320
Fair value adjustment		397	(192)
Loss on disposal of equity investments		623	552
Operating profit before changes in operating assets and liabilities		**128,823**	**126,179**
Changes in operating assets:			
Decrease/(increase) in financial assets available for sale	**11**	14,375	(34,707)
Decrease/(increase) in amounts due from other banks	**12**	(20,542)	(525)
Decrease/(increase) in loans and advances to customers	**13**	(1,073,497)	(718,335)
Decrease/(increase) in other assets	**14**	(1,596)	(271)
Total changes in operating assets		**(1,081,260)**	**(753,838)**
Changes in operating liabilities:			
(Decrease)/increase in amounts due to other banks	**16**	1,386,091	754,948
(Decrease)/increase in amounts due to customers	**17**	753,607	708,823
(Decrease)/increase in other borrowed funds	**18**	(26,447)	(849)
(Decrease)/increase in other liabilities	**20**	7,907	1,907
Total changes in operating liabilities		**2,121,158**	**1,464,829**
Net cash generated from operations		**1,168,721**	**837,170**
Income tax paid		(14,996)	(19,644)
Net cash from operating activities		**1,153,725**	**817,526**
Cash flow from investing activities			
Purchase of equity investments		-	(185)
Purchase of property and equipment and intangibles	**15**	(60,181)	(17,915)
Proceeds from sale of property and equipment	**15**	-	332
Proceeds from sale of equity investments	**11**	1,904	400
Dividends received		1,399	737
Net cash used in investing activities		**(56,878)**	**(16,631)**
Cash flow from financing activities			
Issuance of share capital	**23**	-	232,630
Finance lease repayments	**20**	(1,160)	(1,311)
Subordinated loan	**19**	36,310	215,999
Net cash from financing activities		**35,150**	**447,318**
Net increase in cash and cash equivalents		**1,131,997**	**1,248,213**
Cash and cash equivalents at 1 January	**30**	2,104,276	856,063
Cash and cash equivalents at 31 December	**30**	**3,236,273**	**2,104,276**
Interest received		352,143	256,976
Interest paid		162,696	102,151

	Share Capital	Retained Earnings	Fair value adjustments Financial Assets Available for Sale	Shareholders Equity
As at 31 December 2004 (as reported)	**193,629**	**126,386**	**-**	**320,015**
Reclassification of opening cumulative change in fair value	-	746	(746)	-
As at 31 December 2004 (as restated)	**193,629**	**127,132**	**(746)**	**320,015**
Change in fair value	-	-	(17)	(17)
Profit for the year	-	95,168		95,168
Total income and expense for the year	-	95,168	(17)	95,151
Increase of share capital	287,558	(54,928)	-	232,630
As at 31 December 2005	**481,187**	**167,372**	**(763)**	**647,796**
Change in fair value	-	-	397	397
Profit for the year	-	87,755	-	87,755
Total income and expense for the year	-	87,755	397	88,152
Increase of share capital (Note 22)	78,567	(78,567)	-	-
As at 31 December 2006	**559,754**	**176,560**	**(366)**	**735,948**

As at 31 December 2006, statutory non-distributable reserves set-up in accordance with Romanian law amount to RON'000 119,511 (31 December 2005: RON'000 83,516).

In 2006, the amount of RON'000 160 has been realized following the sale of treasury bills classified as available for sale and credited in the income statement of the period (2005: RON'000 1,243).

1. BASIS OF PREPARATION

a) Basis of accounting

The stand-alone financial statements of Alpha Bank Romania (the "Bank") are prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for financial assets available-for-sale and derivative financial instruments, which have been measured at fair value.

The Bank maintains its accounting records and prepares a separate set of financial statements in accordance with Romanian accounting law and National Bank of Romania banking regulations ("statutory accounts"). These IFRS financial statements incorporate adjustments made to the statutory accounts as have been considered necessary for the purpose of fair presentation in accordance with IFRS. The main differences between the statutory accounts and the IFRS financial statements relate to income tax, methodologies for determining the allowance for loan losses and overdue interest and recognition of loans at amortized cost. The adjustments are summarized in note 23.

b) Presentation currency

The financial statements are prepared and presented in Romanian Lei ("RON"), the Bank's functional currency, rounded to the nearest thousand.

The pro-forma Euro ("EUR") figures shown in the accompanying financial statements have been included as supplementary information solely to facilitate the understanding of these financial statements by an international reader, and are derived from RON as a matter of arithmetic computation only, by translating all the RON figures into EUR at the period end official rates of RON 3.3817 per EUR for the year ended 31 December 2006 and respectively RON 3.6771 per EUR for the year ended 31 December 2005. Such computations should not be held as a representation that the RON amounts have been or could be converted into EUR at this rate or any other rate.

c) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods but which the Bank has not early adopted, as follows:

– ***IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures*** *(effective for financial years beginning on or after 1 January 2007)*

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital.

1. BASIS OF PREPARATION (continued)

d) Judgments

In the process of applying the Bank's accounting policies, management makes judgments, apart from those involving estimates, that may significantly affect the amounts recognized in the financial statements.

Classification of financial assets
Management makes a judgment regarding the classification of financial assets in different portfolios. Such classification is in accordance with the Bank's documented risk management strategy.

e) Estimates

The key assumptions and other key sources of uncertainty regarding estimates at the balance sheet date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are presented below:

Provisions for impairment of loans
The Bank reviews its loans portfolios for evidence that it will not be able to collect all amounts due from an individual loan or a portfolio of homogeneous loans. Evidence includes the customer's payment record, his overall financial position and the realizable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for impairment, which is charged to the income statement. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are reviewed regularly to reduce any differences between estimated and actual losses.

Taxation
Estimates are required in determining the provision for taxes at the balance sheet date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

f) Impact of inflation

Romania was a hyperinflationary economy and was officially declared as ceasing to be hyperinflationary for IFRS reporting purposes as at 1 July 2004. The financial statements of the Bank have been restated to take into account the effects of inflation until 31 December 2003 in accordance with the provisions of and guidance in IAS 29. In summary, IAS 29 requires that financial statements prepared on a historical cost should be restated in terms of measuring unit current at the balance sheet date and that any gain or loss on the net monetary position should be included in the income statement and disclosed separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These IFRS financial statements are prepared on an accrual basis of accounting. In this context, income and expenses are recognized when they occur and they are recorded in the reporting period to which they relate. The IFRS financial statements have also been prepared under the exercise of prudence to the extent that losses are recognized as soon as they are foreseeable.

Set out below are the principal accounting policies adopted by the Bank in the preparation of the IFRS financial statements.

a) Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling at the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in income at the time of settlement using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are expressed in RON as at the balance sheet date. As 31 December 2006 the principal rate of exchange used for translating foreign currency balances was EUR 1= RON 3.3817 (31 December 2005 EUR 1= RON 3.6771) and USD 1= RON 2.5676 (31 December 2005 USD 1=RON 3.1078). Foreign currency gains and losses arising from the translation of monetary assets and liabilities are reflected in the income statement for the period.

b) Income and expense recognition

Interest income and expense
Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Interest accrual continues for non-performing loans until they are written-off. Interest income deemed as non-collectible is provided for in full. Interest income includes coupons earned on fixed income investment securities and accrued discount on treasury bills.

Loan origination fees, such as evaluating the borrowers' financial condition, guarantees, collateral and other security arrangements, and related direct incremental expenses are deferred and subsequently recognized in income as an adjustment to the effective yield.

Fee and commission income
Fees and commission income consist mainly of fees received for foreign currency transactions, management of loans and guarantees granted, and commissions from managing funds on behalf of legal entities and individuals.

Fee and commission income are recognized on an accrual basis when the relevant service has been provided.

Dividend income is recognized when the shareholders' right to receive the payments is established.

Income from financial operations, net includes dealing profits and exchange differences from the revaluation of foreign currency positions.

c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity including: cash, treasury bills and other eligible bills with maturities under 90 days, current accounts with banks, short term placements with and due from banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Deposits with / from banks and other money market placements

Due to / from banks are stated at amortized cost, less any provisions for impairment (for asset side).

e) Loans and advances to customers

Loans and advances to customers, originated by providing cash directly to the borrowers, are measured initially at fair value including arrangement costs. Loans and advances are subsequently measured at amortized cost using the effective yield method.

Loans and advances to customers are stated net of provisions for impairment. Loans and advances are written off to the extent that there is no realistic prospect of recovery.

f) Impairment losses on loans and advances

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due.

The amount of provision is the difference between the carrying amount and the recoverable amount, being based on management's assessment of the quality and financial performance of borrowers, debt servicing history, the present value of future cash flows including amounts recoverable from guarantees and collateral, the historical pattern of credit losses, credit ratings allocated to the borrowers when available, business and economic current climate in which borrowers operate.

The Bank has ascribed values to collateral which management considers to approximate fair values. However, the market in Romania for many of the types of collateral accepted by the Bank is in the early stages of development. As a result, the fair value of collateral on foreclosure may differ from the value ascribed in estimating provisions. Where appropriate, provisions also take into account current economic conditions. Changes in conditions can affect these estimates.

Specifically, the steps performed in determining the impairment losses on loans and advances are the following:

i) Establishment of events that provide objective evidence that a loan is impaired (trigger events).

The loans and advances with payment of interest or principal overdue by more than 90 days represent the majority of the loans which were considered to have impairment indicators.

In addition an impairment trigger may be identified for accounts with delays less than 90 days, or accounts with no delay when the procedures for forced recovery have initiated or the Bank has information that indicates that the financial position of the borrower is deteriorating (reduced sales, gross margins, profit etc.) or other events (bankruptcy filing, extra-ordinary events such as floods, fire, etc at the installations of the borrower) which occurred after the date of initial recognition and which are considered to affect the ability of the borrower to adhere to the agreed repayment schedule. Finally, an impairment test is performed on loans and advances granted to sectors of the economy or geographical regions which are experiencing problems that arose after the date of initial recognition of the loans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) The criteria for assessment on an individual or collective basis.

The outstanding balance is the basic factor in determining whether the assessment of impairment will be performed on an individual basis or on a collective basis. In determining the amount for each entity of the Bank, numerous factors were considered such as the structure of the loan portfolio, the specific circumstances of the market and experience obtained from the management of the portfolio.

More specifically the Bank has established the threshold for the individual assessment at the equivalent of EUR'000 500 per exposure. If no objective evidence of impairment existed for the individually assessed assets, these assets have been included in the collective impairment assessment. The assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of the impairment.

iii) Establishment of groups of assets with similar risk characteristics

In those instances which based on the amount outstanding the assessment of impairment was performed on a collective basis of assets with similar risk characteristics, with respect to credit risk, the collective groups were determined based on the borrower's industry (construction, tourism, etc.) for commercial loans, and the type of loan (consumer, credit cards, mortgage etc.) for retail loans.

Based on detailed internal data the above groups are either expanded or combined in the event that this is justified from the historical data.

iv) Methodology in determining future cash flows from impaired loans

On the basis of historical data, the amount of the impairment is determined for both individual and collective basis taking into account the time value of money. The cash flows are discounted at the loans' original effective interest rate.

During its ordinary course of business the Bank makes commitments and guarantees that give rise to off-balance sheet credit risks. A provision is established to provide for management's estimate of the credit losses inherent in off-balance sheet credit risks using the same methodology as applied for loans.

When a loan is un-collectable, it is written off against the related provision for impairments; subsequent recoveries are credited in the income statement to "credit loss (expense)/gain".

g) Investments

All investments are initially measured at fair value, including acquisition costs associated with the investment except for investments classified at fair value through profit or loss.

Investments are classified as: (i) held-to-maturity, (ii) financial assets at fair value through profit and loss account, and (iii) available-for-sale. Management determines the appropriate classification at the time of purchase.

All regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date that the transaction is made. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Investments are derecognized when the contractual rights to the cash flows expire or when the Bank transfers substantially all the risks and rewards of ownership.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Held-to-maturity investments are financial assets that the Bank has the intent and ability to hold to maturity. This category is carried out at amortized cost.
The Bank has not included any financial assets in this category for 2005 and 2006.

ii) Financial assets at fair value though profit and loss are those financial assets acquired principally for the purpose of selling in the short term in order to exploit short term market fluctuation (trading portfolio) and those for which the Bank decided, at initial recognition, to recognize changes in fair value in the income statement. Financial assets at fair value though profit and loss comprise derivative financial assets (foreign currency swaps).

iii) Available-for-sale financial assets are financial assets that are designated as such or do not qualify to be classified in any of the previous categories. Available-for-sale instruments include treasury bills and other bonds eligible for discounting with central banks and investment securities.

After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest earned whilst holding available for sale debt securities is reported as interest income. Dividends earned whilst holding available for sale equity securities are recognized in the income statement as incurred

h) Financial guarantee contracts

In the ordinary course of business, the bank gives financial guarantees consisting of letter of credit, letters of guarantees, etc. Financial guarantees are initially recognized in the financial statements are fair value in "other liabilities". Subsequent to initial recognition, the bank's liabilities under such guarantees are each measured at higher of the initial fair value less, when appropriate, less cumulative amortization calculated to recognize the fee in the income statement in "fee and commission income net" over the term of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the income statement in "credit loss expense". Any financial guarantee liability remaining is recognized in the income statement in "fee and commission income net" when the guarantee is discharged, cancelled or expires.

i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. Until 31 December 2003, cost has been obtained by restating the RON historical costs by the general price index between the month of acquisition and the year-end.

Depreciation of the restated cost is applied on a straight-line method using rates calculated to write off the cost of each asset to their residual values over their estimated useful life.

The depreciation rates and the useful lives applied are as follows:

Category	**%**	**Useful lives** (years)
Buildings	3	33
Buildings improvements	10 – 33.3	3 – 10
Office equipment	10 – 33.3	3 – 10
Furniture and fixtures	6.7 – 10	10 – 15
Motor vehicles	20	5
Intangible assets	33.3	3

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Building improvements represent refurbishment works carried out at branches and are depreciated over the duration of the lease contract.

Intangible assets consist of purchased and in-house developed software.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenses for repairs and maintenance are charged to operating expenses as incurred. Subsequent expenditure on property and equipment is only recognized as an asset when the expenditures improve the condition of the asset beyond the originally assessed standard of performance.

Tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

A reversal of an impairment loss recognized in prior years is recorded when there is an indication that the impairment loss previously recognized may no longer exist or may have decreased. The reversal is recorded in the income statement.

j) Borrowings and subordinated loans

Borrowings and subordinated loans are initially measured at cost, being the fair value of the consideration received net of any issue costs. They are subsequently measured at amortized cost using the effective yield method, to amortize cost at inception to the redemption value over the period to the earliest date that the Bank may redeem the subordinated loan stock in issue. Interest on borrowings and subordinated loan stock is included in interest expense.

k) Derivatives

Derivative financial instruments include currency swaps. The Bank does not use derivative financial instruments to hedge risks associated with interest rate and exchange rate fluctuations.

These derivatives are recognized in the balance sheet at fair value. Fair values are estimated using quoted market prices, discounted cash flow models and options pricing models, as appropriate. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values are recognized in the income statement.

l) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Employee benefits

Short-term employee benefits
Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense as services are rendered.

Social Security Contributions
The Bank as well as its employees are legally obliged to make contributions described in the financial statements as social security contributions to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis). The Bank has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they fall due. If the members of the Romanian State Social Security plan cease to be employed by the Bank, there will be no obligation by the Bank to pay the benefits earned by these employees in previous years. The Bank's contributions are included in salaries and related expenses.

Termination benefits
As defined by the Romanian Law, the Bank pays termination indemnities in cases of termination of employment within the framework of a reduction in labor force, connected or not with reorganization. Expenses related to termination indemnities are accrued when management decides to adopt a plan that will result in future payments of termination benefits and by the balance sheet date either starts to implement the restructuring plan or communicates the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Bank will carry out the restructuring. Up to the present time, the Bank does not have any plans to undertake actions that could result in termination benefits being paid.

n) Taxation

Taxation on income is provided in accordance with the prevailing fiscal regulations and rates. Deferred tax is provided using the liability method.

Deferred income tax liabilities are recognized for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unutilized tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry-forward of unutilized tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deductible temporary differences or tax losses.

Deferred income tax assets and liabilities are measured at the amount that is expected to be paid or recovered from the tax authorities after taking into account the tax rates and legislation that have been enacted or substantially been enacted at the balance sheet date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

o) Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported in the balance sheet when the Bank has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- there is a change in contractual terms, other than a renewal or extension of the arrangement;
- a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- there is a substantial change to the asset.

q) Leases – the Bank as a lessee

Leases where the lessor transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

3. INTEREST AND SIMILAR INCOME

	Year ended 31 December 2006	Year ended 31 December 2005
Current account with National Bank of Romania	14,899	6,991
Current accounts with other banks	83	55
Loans to and placements with banks	72,337	28,512
Loans and advances to customers	245,016	201,149
Debt securities	21,854	20,051
Total interest income	**354,189**	**256,758**

The interest accrued on impaired loans is not significant.

4. INTEREST EXPENSE AND SIMILAR CHARGES

	Year ended 31 December 2006	Year ended 31 December 2005
Deposits and loans from banks	98,026	42,642
Sight and term deposits from customers	67,995	58,096
Subordinated debt	11,808	4,374
Securities	-	603
Total interest expense	**177,829**	**105,715**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

5. FEE AND COMMISSION INCOME, NET

	Year ended 31 December 2006	Year ended 31 December 2005
Lending commissions	15,918	13,596
Letters of guarantee commissions	8,502	6,323
Trade finance commissions	788	632
Commissions from transactions with cash	11,587	8,922
Fund transfers commissions	22,588	19,673
Other commissions	3,216	1,962
Fee and commission income	**62,599**	**51,108**
Commissions paid to clearing house	(5,336)	(4,673)
Other commissions	(2,496)	(2,778)
Fee and commission expense	**(7,832)**	**(7,451)**
Net fee and commission income	**54,767**	**43,657**

6. NET INCOME FROM FINANCIAL OPERATIONS

	Year ended 31 December 2006	Year ended 31 December 2005
Losses from the revaluation of foreign currency assets and liabilities, net	(5,280)	(9,620)
Gains from dealing in foreign exchange, net	42,825	44,078
Gains / (losses) from forex derivatives	(829)	192
Income from financial operations, net	**36,716**	**34,650**

7. CREDIT LOSS (EXPENSE) / GAIN

	Year ended 31 December 2006	Year ended 31 December 2005
Impairment loss from loans to customers (Note 13 (c))	(261)	(6,722)
Recoveries from written-off loans	567	2,044
Total	**306**	**(4,678)**

8. STAFF COSTS

	Year ended 31 December 2006	Year ended 31 December 2005
Salaries	55,564	39,716
Social security contributions	14,910	12,177
Other staff costs	3,205	1,193
Total	**73,679**	**53,086**

As at 31 December 2006, staff costs include the accrual for employee performance bonus in amount of RON'000 5,138 (2005: 4,374).

The social security contributions represent contributions to the Romanian State defined pension scheme and the Bank does not have any further obligations to the employees regarding post-employment benefits or termination benefits.

9. OTHER OPERATING EXPENSES

	Year ended 31 December 2006	Year ended 31 December 2005
Rent	13,521	8,766
Insurance expenses	13,877	10,607
Various taxes	13,178	10,245
Stationery	2,909	2,147
Advertising	7,621	4,704
Telecommunications	5,939	4,592
Intangible assets written-off (Note 15)	11,961	-
Other expenses	15,982	12,896
Total	**84,988**	**53,957**

10. CASH AND BALANCES WITH NATIONAL BANK OF ROMANIA

	31 December 2006	31 December 2005
Cash in hand	50,515	46,478
Cash in ATMs	9,957	3,929
Current account at National Bank of Romania	2,231,748	988,979
Deposit with National Bank of Romania	489,438	155,707
Total	**2,781,658**	**1,195,093**

The balances of the current accounts held with the NBR have been at 31 December 2006 in amount of RON'000 361,875 (31 December 2005: RON'000 164,336), USD'000 66,890 (31 December 2005: USD'000 56,236) and EUR'000 501,998 (31 December 2005: EUR'000 176,679). The mandatory reserve is computed as the monthly average of the daily balances of the current accounts with NBR, separately by each currency (RON, EUR, USD).

The mandatory reserve is denominated in USD and in EUR for the foreign currency deposits and loans and in RON for domestic currency deposits. The interest rate paid by National Bank of Romania during 2006 was 1.7% beginning of the year (1.9% starting with July 2006) for reserves held in RON, 0.95% (1.00% starting from 24 November 2006) for reserves held in USD and 0.7% (0.8% starting from 24 November 2006) for reserves held in EUR (2005: 1.5% for RON, 0.95% for USD and 0.7% for EUR).

The NBR Board decided to increase the minimum reserve for deposits in RON from 16% to 20% starting with 24 July 2006. This regulation followed the adjustment of minimum reserve in foreign currency from 30% as of 31 December 2005 to 40% starting 24 March 2006.

11. DUE FROM OTHER BANKS

	31 December 2006	31 December 2005
Current accounts with other banks	1,527	7,150
Term deposits with other banks	253,751	109,652
Collateral deposits with banks	667	525
Term loans to banks	20,400	-
Total due from banks	**276,345**	**117,327**

In October 2006 the Bank signed an agreement for the participation to a syndicated loan for Procredit Bank Romania SA. The Alpha Bank Romania part is RON 30 million from which RON 20 million were disbursed until the end of 2006.

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	31 December 2006	31 December 2005
Treasury bonds	48,123	62,499
Certificates of deposit	199,338	792,381
Investment securities	6,977	9,504
Total	**254,438**	**864,384**

As at 31 December 2006, the Bank held treasury bonds issued by the Romanian Ministry of Finance in RON with coupon and certificates of deposit issued by National Bank of Romania with discount.

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE (continued)

Treasury bonds in RON carry coupon rates ranging from 6.47% to 12.02% p.a. and yields between 3.5% to 12.02% p.a. as at 31 December 2006 (2005: 3.5% to 15.65%). The weighted average rate during December 2006 is 7.66% p.a. (2005: 7.78% p.a.), with maturities between May 2007 and July 2009.

Certificates of deposit issued by National Bank of Romania in RON, with discount, carry yields between 8.64% and 8.73% p.a.

In the financial assets held for sale are included equity investments represented by shares in the Group companies and other companies.

The movement and the breakdown of the investment securities as at 31 December 2006 were as follows:

	31 December 2006	31 December 2005
As at 1 January	9,504	10,070
Additions	-	386
Disposals	(2,527)	(952)
As at 31 December	**6,977**	**9,504**

Investment	Country of incorporation	Percentage of interest 31 December 2006	Percentage of interest 31 December 2005
Victoriabank Chişinău	Moldova	12.50%	12.50%
Alpha Insurance Romania	Romania	-	20.00%
Alpha Finance Romania	Romania	15.00%	15.00%
Alpha Leasing Romania	Romania	15.00%	15.00%
Alpha Insurance Brokers	Romania	100.00%	100.00%
SNCDD	Romania	1.61%	1.61%
TransFonD	Romania	2.90%	2.90%
Biroul de Credite SA	Romania	3.47%	3.47%
SWIFT	Belgium	less than 1%	less than 1%
Bursa Romana de Marfuri	Romania	less than 1%	less than 1%
Bucharest Corporate Center	Romania	-	less than 1%

All investments are stated at cost and none of them is a listed company except Victoriabank. Victoriabank is listed on the Chisinau Stock Exchange but the transactions with this share are very rare. In the opinion of the management, the financial position and results of the Bank's associates are not material to these financial statements and there has been no diminution in the value of these investments which is material to the financial statements.

For all investments (except for Victoriabank Chişinău, for which the area of operation is the Republic of Moldova), the major area of operation is Romania.

Alpha Insurance Brokers was established in December 2005, having a share capital of RON'000 185. It started the operational activity in March 2006 and the management did not consider its consolidation as the effect would have been immaterial. Alpha Insurance Brokers is consolidated at the level of Alpha Bank Greece.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

13. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2006	31 December 2005
Corporate	2,455,620	1,835,056
SMEs	552,425	339,171
Individuals	722,485	485,905
- Consumer loans	70,888	201,066
- Housing loans	398,419	224,604
- Personal loans	177,358	30,560
- Other	75,820	29,675
	3,730,530	**2,660,132**
Allowance for impairment losses	(13,207)	(16,045)
Total loans, net	**3,717,323**	**2,644,087**

Loans can be repaid before their scheduled maturity. In the event of repayment some loan categories are subject to an early reimbursement commissions.

(a) Analysis by type of customer

	31 December 2006	31 December 2005
Individuals		
- in RON	163,600	217,439
- in foreign currencies	558,885	262,571
Legal entities		
- in RON	450,910	158,197
- in foreign currencies	2,557,135	2,021,925
Total loans, gross	**3,730,530**	**2,660,132**
Allowance for impairment losses	(13,207)	(16,045)
Total loans, net	**3,717,323**	**2,644,087**

13. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysis by industry sector

	31 December 2006		31 December 2005	
	RON'000	%	RON'000	%
Financial institutions (leasing)	508,260	13.62%	373,787	14.05%
Services	923,900	24.77%	686,859	25.82%
Trade	618,012	16.57%	414,000	15.56%
Agriculture & food industry	228,679	6.13%	231,325	8.70%
Manufacturing industry	213,613	5.73%	115,416	4.34%
Constructions	170,345	4.57%	95,938	3.61%
Tourism	111,299	2.98%	83,063	3.12%
Chemical and petrochemical	49,053	1.31%	54,314	2.04%
Other sectors	184,884	4.95%	125,420	4.71%
Individuals	722,485	19.37%	480,010	18.05%
Total loans	**3,730,530**	**100%**	**2,660,132**	**100%**

(c) Allowance for impairment losses

	31 December 2006	31 December 2005
At beginning of the year	16,045	16,498
Impairment loss, before recoveries (see Note 7)	261	6,722
Foreign exchange differences	(474)	(905)
Loans written off	(2,625)	(6,270)
At end of the year	**13,207**	**16,045**

(d) **Maturity analysis** (see Note 27).

14. OTHER ASSETS

	31 December 2006	31 December 2005
Sundry debtors	1,572	1,393
Prepayments	2,975	1,073
Other assets	595	888
Other assets	**5,142**	**3,354**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

15. PROPERTY AND EQUIPMENT

	Land and Buildings	Office equipment	Others	Fixed assets in progress	Intangible fixed assets	Total
COST						
1 January 2006	47,801	21,699	9,274	7,267	8,554	94,595
Additions	15,383	5,507	3,607	47,226	12,833	84,556
Disposals			(108)	(22,235)	(11,962)	(34,305)
Reclassification			(1,529)	-	1,529	-
31 December 2006	**63,184**	**27,206**	**11,244**	**32,258**	**10,954**	**144,846**
DEPRECIATION						
1 January 2006	6,083	9,620	2,986	-	5,648	24,337
Depreciation charge	2,448	3,466	1,593	-	2,323	9,830
Disposals			(81)	-	-	(81)
31 December 2006	**8,531**	**13,086**	**4,498**	**-**	**7,971**	**34,086**
NET BOOK VALUE						
31 December 2006	**54,653**	**14,120**	**6,746**	**32,258**	**2,983**	**110,760**
31 December 2005	**41,718**	**12,079**	**6,288**	**7,267**	**2,906**	**70,258**

	Land and Buildings	Office equipment	Others	Fixed assets in progress	Intangible fixed assets	Total
COST						
1 January 2005	47,823	16,185	24,165	2,303	17,198	107,674
Additions	6,184	5,178	2,071	11,722	681	25,836
Disposals	(989)	(381)	(435)	(5,903)	-	(7,708)
31 December 2005 (before reclassification)	**53,018**	**20,982**	**25,801**	**8,122**	**17,879**	**125,802**
Reclassifications	4,128	11,404	(10,494)	-	(5,038)	-
Write offs	(9,345)	(10,687)	(6,033)	(855)	(4,287)	(31,207)
31 December 2005	**47,801**	**21,699**	**9,274**	**7,267**	**8,554**	**94,595**
DEPRECIATION						
1 January 2005	12,444	10,798	13,135	-	10,597	46,974
Depreciation charge	2,325	1,328	2,378	-	3,236	9,267
Disposals	(818)	(315)	(419)	-	-	(1,552)
31 December 2005 (before reclassification)	**13,951**	**11,811**	**15,094**	**-**	**13,833**	**54,689**
Reclassifications	1,477	8,496	(6,075)	-	(3,898)	-
Write offs	(9,345)	(10,687)	(6,033)	-	(4,287)	(30,352)
31 December 2005	**6,083**	**9,620**	**2,986**	**-**	**5,648**	**24,337**
NET BOOK VALUE						
31 December 2005	**41,718**	**12,079**	**6,288**	**7,267**	**2,906**	**70,258**
31 December 2004	**35,379**	**5,387**	**11,030**	**2,303**	**6,601**	**60,700**

15. PROPERTY AND EQUIPMENT (continued)

Office equipment consists mainly of computer equipment. Intangible assets consist mainly of packaged software. Included within other fixed assets are motor vehicles, furniture and fittings, household equipment, air conditioning equipment, etc. During 2006 an amount of RON'000 11,962 has been written-off following the cancellation of bMaster project (replacement of the previous bank core system).

As at 31 December 2006, the fixed assets purchased under finance lease agreements amount to RON'000 8,867 (31 December 2005: RON'000 6,988) with an accumulated depreciation of RON'000 2,650 (31 December 2005: RON'000 1,348).

Fixed assets purchased under finance leasing agreements consist of cars and ATMs and are classified as "Other fixed assets" within the present financial statements.

16. DUE TO OTHER BANKS

	31 December 2006	31 December 2005
Demand deposits	11,820	67,106
Term deposits	3,135,475	1,621,913
Collateral deposits	109,905	182,090
Total due to other banks	**3,257,200**	**1,871,109**

17. DUE TO CUSTOMERS

	31 December 2006	31 December 2005
Sight deposits	1,293,786	850,028
Term deposits	1,251,605	995,410
Collateral deposits	182,323	108,170
Certificates of deposit	56,930	77,430
Due to customers	**2,784,644**	**2,031,038**

	31 December 2006	31 December 2005
Individuals		
- in RON	338,122	243,123
- in foreign currencies	781,476	466,028
Legal entities		
- in RON	934,919	782,968
- in foreign currencies	720,772	528,940
Total deposits	**2,775,289**	**2,021,059**
Accrued interest	9,355	9,979
Total	**2,784,644**	**2,031,038**

Deposits can be withdrawn before their maturity, in which case the interest income is computed based on current account interest rate prevailing at the date of withdrawal.

18. OTHER BORROWED FUNDS

Other borrowed funds represent 2 credit facilities from European Bank for Reconstruction and Development ("EBRD"): one for financing small and medium enterprises and one for the financing small and medium size municipalities.
The borrowing facility for small and medium enterprises has been received in October 2003 and has the maturity in May 2010. As at 31 December 2006 the Bank has drawn EUR 10 million and has reimbursed EUR 3.22 million, the net balance being equivalent to RON'000 22,920 (EUR 6.77 million).

On 24 November 2005 the Bank signed a new loan agreement with EBRD for financing small and medium-size municipalities and/or municipally owned or controlled companies, in total amount of EUR 20 million, maturing in January 2021. As at 31 December 2006 an amount of EUR 0.3 million has been drawn.

Another small and medium enterprises borrowing facility of EUR 10 million received in November 2001 and maturing in May 2008 was fully reimbursed in November 2006.

	31 December 2006	**31 December 2005**
EBRD loans	24,120	50,568
Other borrowed funds	**24,120**	**50,568**

19. SUBORDINATED DEBT

In November 2004, Alpha Bank Romania signed a loan agreement for a subordinated loan of EUR 16,000,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0% (decreased from 1.2% in November 2006, following the margin decrease from 2% in November 2005). The subordinated loan will be fully repaid in one installment in November 2011.

In September 2005, Alpha Bank Romania signed a second loan agreement for a subordinated loan of EUR 60,000,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0% (decreased from 1.2% in December 2006).The subordinated loan will be fully repaid in one installment in September 2012.

In February 2006, Alpha Bank Romania signed a third loan agreement for a subordinated loan of EUR 4,300,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0% (decreased from 1.2% in November 2006). The subordinated loan will be fully repaid in one installment in January 2013.

In November 2006, Alpha Bank Romania signed a fourth loan agreement for a subordinated loan of EUR 13,000,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0%. The subordinated loan will be fully repaid in one installment in November 2013.

As at 31 December 2006, all subordinated loans were fully drawn.

	31 December 2006	**31 December 2005**
Subordinated loans	316,093	279,783
Total	**316,093**	**279,783**

(all amounts are expressed in RON thousand (“RON’000”), unless otherwise stated)

20. OTHER LIABILITIES

	31 December 2006	31 December 2005
Accrual performance bonus	5,138	4,374
Social security liabilities	4,049	602
Finance lease payable	4,812	2,700
Current income tax payable / (receivable)	(601)	735
Amounts in transit	4,013	1,204
Other liabilities	6,856	1,988
Other liabilities	**24,267**	**11,603**

	31 December 2006	31 December 2005
Total minimum lease payments		
not later than 1 year	1,558	1,274
later than 1 year and not later than 5 years	3,875	1,825
later than 5 years	-	-
	5,433	**3,099**
less: Finance charge	(621)	(399)
Present value of lease payments	**4,812**	**2,700**

21. TAXATION

Tax charge

The movements in net tax charge for the period were as follows:

	31 December 2006	31 December 2005
Statutory current tax charge	13,661	16,404
Deferred tax charge / (release)	596	(2,101)
Total tax charge for the period	**14,257**	**14,303**

Deferred tax liability

	31 December 2006	31 December 2005
At the beginning of the period	2,798	4,899
Charge for the year’s movements	596	(2,101)
At the end of the period	**3,394**	**2,798**

21. TAXATION (continued)

The reconciliation of the tax on the Bank's profit before tax and the theoretical amount that would arise using the basic tax rate of Romania is as follows:

	31 December 2006	31 December 2005
Profit before tax	102,012	109,471
Tax calculated at a tax rate of 16%	16,322	17,515
Effect on tax of:		
- income not subject to tax	(6,305)	(3,283)
- expenses not deductible for tax purposes	4,240	71
Total income tax charge	**14,257**	**14,303**

The net deferred tax liability comprises the following:

	31 December 2006	31 December 2005
Deferred tax liabilities/(assets)		
Loans and advances to customers	2,647	526
Property, plant and equipment	2,462	2,731
Other assets	559	502
Other liabilities	(2,274)	(961)
Net deferred tax liability	**3,394**	**2,798**

The Bank has not provided deferred taxation on the statutory reserves of RON'000 119,511 (2005: 83,516), which as explained in note 23 below, are set-up under the Romanian Banking and Company Laws and regulations and they are non-distributable until the Bank dissolves or decreases, in the case of the General Banking Reserve, the level of the Bank's risk bearing assets. These reserves under the Romanian Fiscal Code are exempt from income taxes and will remain untaxed until they are distributed or transferred to distributable profits. The Bank has no intention in the direction of decrease or dissolving its activities and based on its current business plans it is unlikely that the General Banking Reserve will decrease.

22. SHARE CAPITAL

	31 December 2006	31 December 2005
Statutory value (not restated)	535,420	456,853
Restatement of share capital	24,334	24,334
Total	**559,754**	**481,187**

The authorized, issued and fully paid share capital of the Bank at 31 December 2006 is 5,819,787 shares with a par value of RON 92.0 (31 December 2005: 5,819,787 shares with a par value of RON 78.5). The share capital increased in 2006 with RON'000 78,567 from 2005 undistributed profit. During 2006 there were no changes in the shareholders' structure.

All issued shares are fully paid and carry one vote.

The capital structure is as follows:

Shareholder	Number of shares	%	Amount
Alpha Bank A.E	5,787,022	99.43701%	532,406
Alpha Finance A.E	27,203	0.46742%	2,503
Alpha Advisory Romania SRL	10	0.00017%	1
Alpha Finance Romania	10	0.00017%	1
Alpha Bank Group (Greece)	***5,814,245***	***99.90477%***	***534,911***
Other shareholders (Greek citizens)	5,542	0.09523%	509
Total	**5,819,787**	**100%**	**535,420**

The ultimate shareholder of the Group is Alpha Bank A.E. (Greece), listed on the Athens Stock Exchange and also in GDR form on the London Stock exchange, with no majority shareholder.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

23. RESERVES

In accordance with the Romanian law on banks and banking activities, the Bank must distribute the profit as dividends or transfer it to retained earnings (reserves) on the basis of the financial statements prepared under Romanian Accounting Standards ("RAS"). Amounts transferred to reserves must be used for the purposes designated when the transfer is made.

Under the Romanian banking legislation, the Bank is required to create the following reserves from appropriation of profit:

i) legal reserves, appropriated at the rate of 5% of profit up to a limit of 20% of the share capital;
ii) reserves for general banking risk, appropriated from profit before tax up to the rate of 1% assets at risk, in accordance with the regulations set by National Bank of Romania.

After the charge for taxes and setting aside the legal reserves as discussed above, the remaining balance of net profit may be distributed to shareholders. Dividends may only be declared from retained earnings.

Below is a reconciliation of the total reserves and results for the year between the statutory and IFRS financial statements.

	31 December 2006		**31 December 2005**	
	Profit for the period	**Total Equity**	**Profit for the period**	**Total Equity**
Per statutory accounts	**83,720**	**726,737**	**102,552**	**643,017**
Deferral loans up-front commissions	(3,942)	(9,121)	1,329	(5,179)
Loan impairment	10,620	3,140	(5,607)	(7,480)
Reintegration of off-balance sheet loans for IFRS purposes	(596)	13,693	(1,059)	14,289
Inflation restatement of fixed assets and change of useful lives	(1,102)	(649)	(2,670)	453
Inflation restatement of equity investments	(225)	3,494	(575)	3,719
Change of AFS reserve	(393)	-	16	-
Other adjustments	(430)	(475)	(219)	(49)
Deferred tax impact	103	(871)	1,401	(974)
Total, as per IFRS	**87,755**	**735,948**	**95,168**	**647,796**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

24. COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

The Bank issues guarantees and letters of credit on behalf of its customers. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit are collateralized and therefore have significantly less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

The market and credit risk on these financial instruments, as well as the operating risk is similar to that arising from granting of loans. In the event of a claim on the Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Bank. All letters of credit and guarantees issued by the Bank are backed-up by collateral guarantees, such as cash collateral and letters of guarantee from Alpha Bank AE and other parties. At 31 December 2006 the probability of material losses arising in connection with letters of credit is considered to be remote and accordingly no provision has been established.

Credit related commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss, though not easy to quantify, is considerably less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. While there is some credit risk associated with the remainder of commitments, the risk is viewed as modest, since it results from the possibility of unused portions of loan authorizations being drawn by the customer and, second, from these drawings subsequently not being repaid as due.

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The aggregate amount of outstanding guarantees, letters of credit and commitments to extend credit at the end of the year were:

	31 December 2006	**31 December 2005**
Letters of guarantee issued in RON	124,023	82,155
Letters of guarantee issued in foreign currency	556,897	387,638
Total letters of guarantee issued	**680,920**	**469,793**
Letters of credit issued	**83,921**	**33,545**
Undrawn credit facilities	**1,476,350**	**896,236**

24. COMMITMENTS AND CONTINGENCIES (continued)

Rent commitments

As at 31 December 2006 the Bank has rent commitments of RON'000 126,343 (31 December 2005: RON'000 64,402).

Capital commitments

The Bank has a commitment of approximately EUR 12 million to acquire a new head office building (31 December 2005: EUR 12 million).

Litigations

The litigations in which the Bank is defendant as at 31 December 2006 and 31 December 2005 do not involve material claims on the Bank. Therefore, no provisions have been made in this respect.

As at 31 December 2006 there is a claim from 2 individuals against the Bank (the Bank acting as defendant) regarding the cancellation of the Bank's title of immovable property of the plot of land located in Bucharest, Gheorghe Cantacuzino Street. The market value of this land is about EUR 0.6 million.

Other contingencies

On 15 May 2006, a Service Agreement was concluded between Alpha Bank Romania, Alpha Leasing Romania, Alpha Insurance Brokers and NBG Insurance (former Alpha Insurance). The agreement scope was that the insurance company will provide insurance services to the Bank and the leasing company through the brokerage company. Mainly, the agreement refers to insurance for financial risk for consumer / personal loans / life insurance / insurance for equipment in leasing or for loans collaterals. Term of the agreement is 5 years starting from the execution date (i.e. signing date).

In case the Bank decides to terminate the agreement without cause, it is obliged to pay a penalty to NBG Insurance which will vary in accordance with the proposed date of termination, as follows: until 31 December 2006 the penalty will be EUR 2.7 million. Starting with 2007, the penalty will be EUR 37,500 for each of the remaining months until December 2010.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

25. RISK MANAGEMENT

Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The management sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The tables below analyze interest bearing assets and liabilities of the Bank into relevant re-pricing groupings as at 31 December 2006 and 31 December 2005:

2006	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**Over 1 year**	**Without Interest rate**	**Total**
Assets						
Cash and balances with National Bank of Romania	2,781,658	-	-	-	-	2,781,658
Due from other banks	235,121	20,824	20,400	-	-	276,345
Financial assets available for sale	202,430	-	14,078	30,953	6,977	254,438
Loans and advances to customers, net	3,448,345	15,494	147,252	106,232	-	3,717,323
Premises and equipment	-	-	-	-	110,760	110,760
Other assets	-	-	-	-	5,142	5,142
Total assets	**6,667,554**	**36,318**	**181,730**	**137,185**	**122,879**	**7,145,666**
Liabilities						
Due to other banks	1,589,044	1,668,156	-	-	-	3,257,200
Due to customers	2,131,146	466,107	179,805	7,586	-	2,784,644
Other borrowed funds	1,200	-	22,920	-	-	24,120
Subordinated loan	-	316,093	-	-	-	316,093
Other liabilities	-	-	-	-	24,267	24,267
Deferred tax liabilities	-	-	-	-	3,394	3,394
Total liabilities	**3,721,390**	**2,450,356**	**202,725**	**7,586**	**27,661**	**6,409,718**
Net balance sheet position	**2,946,164**	**(2,414,038)**	**(20,995)**	**129,599**	**95,218**	**735,948**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

25. RISK MANAGEMENT (continued)

2005	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Without Interest rate	Total
Assets						
Cash and balances with National Bank of Romania	1,139,691	55,402	-	-	-	1,195,093
Due from other banks	116,802	525	-	-	-	117,327
Derivative financial assets	-	-	-	-	192	192
Financial assets available for sale	-	792,381	18,036	44,463	9,504	864,384
Loans and advances to customers, net	2,441,205	9,915	164,887	28,080	-	2,644,087
Premises and equipment	-	-	-	-	70,258	70,258
Other assets	-	-	-	-	3,354	3,354
Total assets	**3,697,698**	**858,223**	**182,923**	**72,543**	**83,308**	**4,894,695**
Liabilities						
Due to other banks	589,779	588,336	30,386	662,608	-	1,871,109
Due to customers	1,439,390	375,998	214,900	750	-	2,031,038
Other borrowed funds	-	-	50,568	-	-	50,568
Subordinated loan	220,949	58,834	-	-	-	279,783
Other liabilities	-	-	735	-	10,868	11,603
Deferred tax liabilities	-	-	-	-	2,798	2,798
Total liabilities	**2,250,118**	**1,023,168**	**296,589**	**663,358**	**13,666**	**4,246,899**
Net balance sheet position	**1,447,580**	**(164,945)**	**(113,666)**	**(590,815)**	**69,642**	**647,796**

Market risk

Market risk arises from adverse changes in the price of securities. In order to manage market risk, the Bank has established limits on trading.

Liquidity risk

The liquidity risk is associated either with the difficulty of an enterprise to raise the necessary funds in order to meet commitments or to its inability to sell a financial asset quickly at close to its fair value.

The Bank's policy on liquidity is to maintain sufficient liquid reserves to meet its obligations as they fall due. The amount of total assets and liabilities as at 31 December 2006 and 31 December 2005, analyzed over the remaining period to the contractual maturity date, is included in Note 27.

Currency risk

The Bank operates in a developing economy. Romania experienced high rates of inflation and significant currency devaluation. There was a consequent risk of loss in value in respect of net monetary assets held in RON. The Bank manages its exposure to movements in exchange rates by modifying its assets and liabilities mix. An analysis of assets and liabilities denominated in RON and other currencies are included in Note 26.

25. RISK MANAGEMENT (continued)

Credit risk and concentration

In granting facilities and loans, the Bank incurs a credit risk, i.e. the risk that the receivable will not be paid. This is related to the balance sheet items, such as due from banks, loans and interest-earnings securities, and to off-balance sheet items. Concentration of credit risk could result in a material loss for the Bank if a change in economic circumstances were to affect a whole industry or the country of Romania. The relevant analyses are included in the appropriate notes. The Bank minimizes its credit risk by careful assessment and monitoring of borrowers, establishment of exposure limits and application of a prudent provisioning policy when the risk of loss to the Bank is possible. Loans are secured by real guarantees and other types of guarantees and consumer loans are insured against payment default.

The exposure by industry is disclosed in Note 13 b). As at 31 December 2006 the first 20 corporate customers of the Bank (leasing companies excluded) account for 22% of the total net loans and the refinancing of the leasing companies accounts for about 20% of the total net loans. As at 31 December 2005, the first 20 corporate customers of the Bank (leasing companies excluded) account for 26% of the total net loans and the refinancing of the leasing companies accounts for 14% of the total net loans.

Taxation risk

The taxation system in Romania is subject to varying interpretations and to constant changes, which may be retroactive. In certain circumstances due to inconsistencies in the legal framework the tax authorities can be arbitrary in assessing tax penalties and interest. Although the actual tax due on a transaction may be minimal, penalties can be significant as they may be calculated based on the value of the transaction and can be as high as 0.05% per day. In Romania, tax periods remain open to tax audits for a period of 5 years from the end of the period. The recent tax audits covered the period ending 31 December 2004.

26. CURRENCY RISK

Concentration of assets and liabilities

As at 31 December 2006:

	Local Currency	USD	EUR	Other currencies	Total
	RON'000	RON'000	RON'000	RON'000	RON'000
Assets					
Cash and balances with National Bank of Romania	883,810	178,832	1,717,265	1,751	2,781,658
Due from other banks	270,997	4,713	144	491	276,345
Financial assets available for sale	250,453	3,932	53	-	254,438
Loans and advances to customers, net	614,510	178,121	2,920,732	3,960	3,717,323
Premises and equipment	110,760	-	-	-	110,760
Other assets	5,013	47	82	-	5,142
Total assets	**2,135,543**	**365,645**	**4,638,276**	**6,202**	**7,145,666**
Liabilities					
Due to other banks	112,848	266,795	2,877,557	-	3,257,200
Due to customers	1,280,041	184,818	1,298,254	21,531	2,784,644
Other borrowed funds	-	-	24,120	-	24,120
Subordinated loan	-	-	316,093	-	316,093
Other liabilities	17,764	141	6,337	25	24,267
Deferred tax liabilities	3,394	-	-	-	3,394
Total liabilities	**1,414,047**	**451,754**	**4,522,361**	**21,556**	**6,409,718**
Net balance sheet position	**721,496**	**(86,109)**	**115,915**	**(15,354)**	**735,948**

26. CURRENCY RISK (continued)

Concentration of assets and liabilities:

As at 31 December 2005:

	Local Currency	USD	EUR	Other currencies	Total
	RON'000	RON'000	RON'000	RON'000	RON'000
Assets					
Cash and balances with National Bank of Romania	342,159	182,864	668,261	1,809	1,195,093
Due from other banks	109,960	5,928	1,006	433	117,327
Financial assets available for sale	842,553	21,778	53	-	864,384
Derivative financial assets	192	-	-	-	192
Loans and advances to customers, net	378,313	493,788	1,770,677	1,309	2,644,087
Premises and equipment	70,258	-	-	-	70,258
Other assets	3,266	51	37	-	3,354
Total assets	**1,746,701**	**704,409**	**2,440,034**	**3,551**	**4,894,695**
Liabilities					
Due to other banks	52,088	408,525	1,410,496	-	1,871,109
Due to customers	1,035,688	314,299	660,887	20,164	2,031,038
Other borrowed funds	-	-	50,568	-	50,568
Subordinated loan	-	-	279,783	-	279,783
Other liabilities	8,526	307	2,770	-	11,603
Deferred tax liabilities	2,798	-	-	-	2,798
Total liabilities	**1,099,100**	**723,131**	**2,404,504**	**20,164**	**4,246,899**
Net balance sheet position	**647,601**	**(18,722)**	**35,530**	**(16,613)**	**647,796**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. LIQUIDITY RISK

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity as at 31 December 2006:

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	No specified Maturity	Total
Assets						
Cash and balances with National Bank of Romania	2,781,658	-	-	-	-	2,781,658
Due from other banks	255,945	-	-	20,400	-	276,345
Financial assets available for sale	199,337	-	11,014	37,110	6,977	254,438
Loans and advances to customers, net	212,927	363,297	711,845	2,429,254	-	3,717,323
Premises and equipment	-	-	-	-	110,760	110,760
Other assets	-	-	-	-	5,142	5,142
Total assets	**3,449,867**	**363,297**	**722,859**	**2,486,764**	**122,879**	**7,145,666**
Liabilities						
Due to other banks	1,529,550	129,012	1,297,478	301,160	-	3,257,200
Due to customers	2,180,324	416,929	179,805	7,586	-	2,784,644
Other borrowed funds	-	-	8,718	15,402	-	24,120
Subordinated debt	-	-	-	316,093	-	316,093
Other liabilities	-	8,586	1,558	3,254	10,869	24,267
Deferred tax liabilities	-	-	-	-	3,394	3,394
Total liabilities	**3,709,874**	**554,527**	**1,487,559**	**643,495**	**14,263**	**6,409,718**
Net balance sheet position	**(260,007)**	**(191,230)**	**(764,700)**	**1,843,269**	**108,616**	**735,948**

Management believes that in spite of a substantial portion of deposits having contractual maturity dates within three months, diversification of these deposits by number and type of deposits, and the past experience of the Bank would indicate that these deposits provide a long - term and stable source of funding.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. LIQUIDITY RISK (continued)

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity as at 31 December 2005:

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	No specified Maturity	Total
Assets						
Cash and balances with National Bank of Romania	1,195,093	-	-	-	-	1,195,093
Due from other banks	117,327	-	-	-	-	117,327
Derivative financial assets	192	-	-	-	-	192
Financial assets available for sale	-	792,381	18,036	44,463	9,504	864,384
Loans and advances to customers, net	167,586	354,762	634,830	1,486,909	-	2,644,087
Premises and equipment	-	-	-	-	70,258	70,258
Other assets	-	-	-	-	3,354	3,354
Total assets	**1,480,198**	**1,147,143**	**652,866**	**1,531,372**	**83,116**	**4,894,695**
Liabilities						
Due to other banks	585,710	592,362	30,386	662,651	-	1,871,109
Due to customers	1,434,071	376,315	219,902	750	-	2,031,038
Other borrowed funds	-	-	-	50,568	-	50,568
Subordinated loan	-	-	-	279,783	-	279,783
Other liabilities	-	5,711	1,274	1,426	3,192	11,603
Deferred tax liabilities	-	-	-	-	2,798	2,798
Total liabilities	**2,019,781**	**974,388**	**251,562**	**995,178**	**5,990**	**4,246,899**
Net balance sheet position	**(539,583)**	**172,755**	**401,304**	**536,194**	**77,126**	**647,796**

Management believes that in spite of a substantial portion of deposits having contractual maturity dates within three months, diversification of these deposits by number and type of deposits, and the past experience of the Bank would indicate that these deposits provide a long - term and stable source of funding.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

28. INTEREST RATE RISK

The tables below summarize the effective interest rate by major currencies for interest bearing financial instruments as at 31 December 2006:

	RON	EUR	USD
Assets			
Balances with National Bank of Romania	1.90%	0.80%	1.00%
Due from other banks	8.15%	-	5.23%
Financial assets available for sale	8.25%	-	-
Loans and advances to customers	11.21%	6.51%	8.27%
Liabilities			
Due to other banks	6.74%	4.17%	5.88%
Due to customers	3.62%	1.88%	3.03%

As of 31 December 2006, 70% of total interest bearing assets bears fixed interest rate and 30% bears floating interest rate. On the liabilities side, 68% of total interest bearing liabilities bears a fixed interest rate, while 32% bears floating interest rate.

As at 31 December 2005:

	RON	EUR	USD
Assets			
Balances with National Bank of Romania	1.50%	0.70%	0.95%
Due from other banks	7.07%	-	3.9%
Financial assets available for sale	6.83%	-	3.3%
Loans and advances to customers	19.7%	6.19%	7.62%
Liabilities			
Deposits from other banks	3.92%	3.22%	4.96%
Loans from other banks	-	3.77%	-
Due to customers	3.34%	1.48%	2.57%
Due from other banks	7.07%	-	3.9%

As of December 2005, 49% of total interest bearing assets bears a fixed interest rate and 51% bears variable interest rate. On the liabilities side, 53% of total interest bearing liabilities bears a fixed interest rate, while 47% bears a variable interest rate.

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank is controlled by Alpha Bank A.E. that owns 99.44% of the Bank's ordinary shares.

Other related parties are members of Alpha Group: Alpha Leasing Romania, Alpha Finance Romania, Alpha Finance (ex Brokerage), Alpha Advisory Romania, Alpha Consulting Romania, Alpha Insurance Brokers Romania, Alpha Bank London.

A number of banking transactions is entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. The volumes of related party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

	Directors		**Parent**		**Other**	
	31 December 2006	**31 December 2005**	**31 December 2006**	**31 December 2005**	**31 December 2006**	**31 December 2005**
Assets						
Due from other banks	-	-	3,662	28	14	4
Loans and advances to customers, net	94	5,436	-	-	183,169	137,773
Total assets	**94**	**5,436**	**3,662**	**28**	**183,183**	**137,777**
Liabilities						
Due to other banks	-	-	3,100,263	1,653,792	-	-
Due to customers	3,025	6,720	-	-	14,001	16,218
Subordinated loan	-	-	316,093	279,783	-	-
Other liabilities	-	-	31	-	5,634	2,886
Total liabilities	**3,025**	**6,720**	**3,416,387**	**1,933,575**	**19,635**	**19,104**
Interest income	4	226	72	32	7,182	7,278
Interest expense	34	162	97,243	42,628	779	882
Net commission income	-	-	751	445	293	716
Off-balance sheet commitments	**283**	**1,943**	**118,021**	**-**	**32,390**	**19,480**

For the year 2006, total remuneration for directors amounted RON'000 5,988, out of which RON'000 1,293 represented social security and other mandatory contributions (year ended 31 December 2005: total remuneration RON'000 3,976, out of which social security and other mandatory contributions RON'000 984).

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

30. CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	31 December 2006	31 December 2005
Due from banks	255,278	116,802
Cash and balances with the National Bank of Romania	2,781,658	1,195,093
Certificates of deposit and treasury bills	199,337	792,381
Balance at the end of the year	**3,236,273**	**2,104,276**

	31 December 2005	31 December 2004
Due from banks	116,802	71,704
Cash and balances with the National Bank of Romania	1,195,093	761,847
Certificates of deposit and treasury bills	792,381	22,512
Balance at the beginning of the year	**2,104,276**	**856,063**

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than forced sale or liquidation. The fair value is best evidenced by a quoted market price, if such exists.

The Bank's short term funds and customer settlement accounts are carried in the financial statements at cost, because these instruments have short maturity terms and are convertible into cash or are settled without significant transaction costs. The loans and advances, bills of exchange, guarantees, letters of credit, term deposits and borrowings (including subordinated loans) are reported at amortized cost using the effective interest rate less an estimate for impairment for the asset side. These items have predominantly short re-pricing terms and carry interest rates that reflect current market conditions. Management considers therefore that the carrying amount of financial assets and liabilities approximates their fair value.

32. OPERATING ENVIRONMENT OF THE BANK

The economy of Romania still shows characteristics of an emerging market despite the economic situation has been improved significantly in the last years: 2006 shows an inflation rate below 5%, a strong GDP growth about 8% and a RON appreciation against EUR by 8.74%. At 1 January 2007 Romania joined together with Bulgaria the European Union.

Additionally, the banking sector in Romania is particularly impacted by adverse currency fluctuations and economic conditions. Furthermore, the need for further developments in the bankruptcy laws, in formalized procedures for the registration and enforcement of collateral and other legal, fiscal impediments contribute to the difficulties experienced by banks currently operating in the Romania.

The prospects for future economic stability in Romania are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal and regulatory developments within the EU.

33. POST BALANCE SHEET EVENTS

On 23 February 2007 the National Bank of Romania's official exchange rate for the EUR was EUR 1 = RON 3.3771 compared to EUR 1 = RON 3.3817 as at 31 December 2006.